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TO: Wendy J. Broden, Director
Human Resources Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 26, 2005

RE: 2005-2006 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2005-2006 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:cyb

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Sean Werdlow, Chief Financial Officer
Roger Short, Budget Department Director
Tanya Mason, Budget Department Team Leader
Kandia Milton, Mayor's Office

Human Resources (28)

FY 2005-06 Budget Analysis by the Fiscal Analysis Division

Summary

The Human Resources Department is a General Fund agency. The Mayor's 2005-06 recommended budget of 23.2 million reflects a \$8.6 million (27%) decrease from the current fiscal year.

2004-05 Surplus/(Deficit)

The Mayor has estimated a surplus of \$2.85 million for the Human Resources Department. The surplus consisted of appropriation surplus of \$5.35 million due to vacancies in the Apprentice Program (10549 Apprentice Training Program) and Employee Services (00833 Employee Services), in addition to layoffs at mid-year, which is offset by a revenue deficit of \$2.5 million also derived from the Apprentice Program and Employee Services.

Overtime

As of March 31, 2005, the Human Resources Department has spent \$95,951 on overtime, or 44.3% of the department's \$1.29 million 2004-05 overtime budget. The recommended budget for overtime in FY 2005-06 is \$1.13 million.

Personnel and Turnover Savings

The Mayor recommends a net decrease of 55 positions (14.5%) in the 2005-06 recommended budget.

The Mayor has recommended 6 months of turnover savings in the amount of \$39,000 for the Human Resources Department in fiscal year 2005-06 for a Manager II position.

Following is information by appropriation comparing FY 2003-04 positions, March 31, 2005 filled positions and FY 2005-06 recommended positions.

<u>Appropriation/Program</u>	<u>Budgeted Positions</u>	<u>Filled Positions</u>	<u>Mayor's Budget Positions</u>	<u>Over/(Under) Actual to 04/05 Budget</u>	<u>Mayor's Recommended</u>	<u>Turnover</u>
<u>FY 2004-05</u>	<u>3/31/2005</u>	<u>FY 2005-06</u>				
Human Resources (28):						
280110 Administration	13	12	10	(1)	\$	-
280153 Records	6	6	5	0	\$	-
280154 Employee Assistance Center	2	1	1	(1)	\$	-
00105 Administration	21	19	16	(2)	\$	-
280410 Recruitment & Selection	18	18	14	0	\$	-
280415 Test Development	2	2	2	0	\$	-
280420 Employment Certification	7	7	2	0	\$	-
280430 Classification & Compensation	6	6	6	0	\$	-
00106 Personnel Selection	33	33	24	0	\$	-
00107 Supportive Services	11	11	8	0	\$	-

	Budgeted	Filled	Mayor's	Over/(Under)	Mayor's
	Positions	Positions	Budget	Actual to	Recommended
			Positions	04/05	
<u>Appropriation/Program</u>	<u>FY 2004-05</u>	<u>3/31/2005</u>	<u>FY 2005-06</u>	<u>Budget</u>	<u>Turnover</u>
280510 Econ. Union Contract Provisions	6	6	4	0	\$ -
280520 Benefits Administration	10	10	10	0	\$ -
280530 L.R. Administration	5	5	5	0	\$ -
280540 Non-Econ. Union Contract Prov.	6	5	4	(1)	\$ -
00108 Labor Relations & Benefits	27	26	23	(1)	\$ -
280010 Employee Svcs. - Administration	3	3	3	0	\$ -
280011 Employee Svcs. - Water	22	19	22	(3)	\$ -
280020 Employee Payroll	86	77	64	(9)	\$ -
280035 Communications/Municipal Srvc.	5	5	5	0	\$ -
280040 Cultural	7	6	7	(1)	\$ -
280050 Human Services	7	6	7	(1)	\$ -
280060 Municipal Services I	2	1	2	(1)	\$ -
280070 Public Safety I	3	3	3	0	\$ -
280080 Public Safety II	4	4	2	0	\$ -
280090 Staff Depts./Appointive Elective	3	3	3	0	\$ -
280610 Emp. Svcs.- Sewerage	6	5	6	(1)	\$ -
280685 Utilities	8	9	6	1	\$ -
280690 Employee Svcs.- DOT	15	14	15	(1)	\$ -
00833 Employee Services	171	155	145	(16)	\$ -
00854 Hearings & Policy Development	4	3	1	(1)	\$ -
10438 Service Improvement Process	5	4	0	(1)	\$ -
280331 Apprentice Training Program	103	69	103	(34)	\$ -
280335 Apprentice Administration	2	3	2	1	\$ -
10549 Apprentice Training Program	105	72	105	(33)	\$ -
28XXXX Interns	0	1	0	1	\$ -
28XXXX Leave of Absence	0	(2)	0	(2)	\$ -
28XXXX Worker's Comp.	0	(1)	0	(1)	\$ -
28XXXX Unmatched Positions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$ -</u>
TOTAL	<u>377</u>	<u>322</u>	<u>322</u>	<u>(55)</u>	<u>\$ -</u>

Proposed Layoffs and Vacant Position Reductions

The 2005-06 proposed budget requires 55 layoffs in the Human Resources Department.

Title	Layoffs	Total
Manager II-Human Resources	(1)	(1)
Manager I-Human Resources	(3)	(3)
HR Spec II	(8)	(8)
HR Spec I	(8)	(8)
Admin Spec I	(1)	(1)
Labor Relations Spec I	(2)	(2)
Sr P & P Clerk	(14)	(14)
Personnel Records Clerk	(1)	(1)
Office Asst III-Exempted	(2)	(2)
Office Ast III	(1)	(1)
Manager II-Labor Relations	(1)	(1)

Title	Layoffs	Total
Labor Relations Spec II	(1)	(1)
Labor Relations Investigator	(1)	(1)
Human Resources Consultant II	(1)	(1)
P & P Clerk	(8)	(8)
Office Asst II-Exempt	(2)	(2)
HR Total	<u>(55)</u>	<u>(55)</u>

Significant Funding by Appropriation

Appro. Program

00105	Administration	This appropriation decreases by \$663,000 due primarily to the loss of five positions, three in Administration, one in Records and one in the Employment Assistance Center. The reductions led primarily to a \$328,141 decrease in salaries and benefits, a \$276,301 decrease in employee benefits. The appropriation decreases also include a \$54,208 reduction in operating service and a \$4,700 decrease in other expenses.
00106	Personnel	Decrease of \$1.03 million is due primarily to a \$544,695 decrease in salary & wages, a \$432,350 reduction in employee benefits, related to a loss of nine positions and a \$57,000 reduction in professional/contractual services.
00107	Supportive Services	This appropriation, decreases by \$1.06 million in 2005-06. This appropriation decrease due primarily to the reduction of three positions. The appropriation decreases include an \$185,631 reduction in salary & wages, a \$215,000 reduction in rentals buildings, as part of a citywide reduction, a \$500,000 reduction in training-tuition reimbursement and various other benefit reductions.
10549	Apprentice Training Program	This appropriation decreases by \$1.24 million. The majority of the decrease is due to decreases in wages & benefits of \$615,000 due to the reduction of work on special projects.
00108	Apprentice Training Program	This appropriation decreases by \$725,645 in FY 2005-06. The decrease is due primarily to a \$340,314 decrease in salary & wages and \$318,338 decrease in employee benefits due to the loss of 4 positions, and a \$66,965 decrease in operating services.
00833	Employee Services	This appropriation decreases by \$3.1 million in 2005-06. The increase is due primarily to a \$285,000 decrease in org. 280011 Employee Services-Water a \$1.86 million decrease in org. 280020 Employee Payroll and the loss of 22 positions, a \$187,000 decrease in org. 280080 Public Safety

II, a \$209,731 decrease in org. 280685 Utilities and a \$173,000 reduction in org. 280690 and various other smaller reductions in other every other org. in this appropriation, with an overall appropriation net loss of 26 positions.

00854	Hearing and Policy Development	This appropriation established in the 2003-04 FY is recommended for a \$291,000 reduction (75%) in 2005-06. The reduction is due primarily to the elimination of 3 of its 4 positions. The reduction is due primarily to the fact that salaries & wages are reduced by \$177,000, employee benefits are reduced by \$116,000, offset by a slight \$2,000 increase in operating services.
10438	Service Improvement Process	This appropriation is reduced from \$514,927 to zero. The unit, responsible for training and coaching City employees on the Service Improvement Process (SIP), the City's employee performance evaluation and development system, is being disbanded after June 30, along with the elimination of five positions.

Significant Revenue Changes by Appropriation and Source

Appro. Program

10549	Apprentice Training Program	This revenue appropriation decreases by \$1.2 million, due a reduction of work for DOT.
00833	Employee Services	Revenues decreases by \$1.2 million. This is due to revenue reductions in all nine revenue orgs.

Budgeted and Contractual Services by Activity

Human Resources (28)

Budgeted Professional and Contractual Services by Activity	FY 2004-05 Budget	FY 2005-06 Recommended	Increase (Decrease)
Administrative Services	\$ 319,088	\$ 319,088	\$ -
Employee Services Group	200,000	142,980	(57,020)
Organization	20,000	20,000	-
Labor Relations	150,000	150,000	-
Service Improvement Process	-	-	-
Hearings & Policy Development	30,000	30,000	-
Total	<u>\$ 719,088</u>	<u>\$ 662,068</u>	<u>\$ (57,020)</u>

Professional and Contractual Services in the Human Resources Department decrease by \$57,020 (7.93%) in 2005-06.

Issues and Questions

Administrative Services

Page 28-3 Goals Measures: Units of activity or service demands made: Out-of-class processed. The measures and targets for this category appeared as detailed below

2002-03 Actual	2003-04 Actual	2004-05 Projection	2005-06 Target
2,305	720	604	500

- Please explain why, based on the department's projections, in fiscal year 2004-05 and 2005-06 will the department complete only 47.9% (1,104) of the number of Out-of-class processed as there were completed (2,305) in the 2002-03 fiscal year?

Employment Services

Page 28-8 Goals Measures: Resources allocated or service demands made: Requisitioned positions (new hires).

This is targeted for 1,111 in the 2005-06 fiscal year, down from a projection of 2,000 in 2004-05 and up from an actual figure of 1,766 in 2002-03.

- Considering the fact that due to financial constraints, the City is laying off employees, including 55 in Human Resources, is this target of 1,111 Requisitioned positions (new hires) in 2004-06 a realistic figure?

How will the layoffs of 55 employees impact day-to-day operations in the department in the 2005-06 FY?

In regard to the process of laying off individuals and placing individuals with varying levels of seniority citywide in their proper places of employment, in the upcoming 2005-06 fiscal year, how long of a period of time does the department anticipate it will take to complete every required course of action?

Typically when layoffs are instituted citywide, in the final analysis, what percentage of employees actually end up outside of the City employment rolls when bumping and retirements take place at the beginning of the affected fiscal year?

Even though the Mayor reduces overtime citywide in next fiscal year, the overtime budget for Human Resources is \$1.13 million in 2005-06. Please explain.

IC:DH